

Communication of Management Comments



Members of the Board of Education and Management
Fayette County School District
Lexington, Kentucky

In planning and performing our audit of the combined statement of fiduciary net position of the School Activity Funds (the "Activity Funds") of the Fayette County School District (the "District") as of and for the year ended June 30, 2016, we considered the Activity Funds' internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined statement of fiduciary net position. Our audit would not necessarily disclose all weaknesses in internal accounting controls because it is based on selected tests of accounting records and related data. However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Many of our recommendations are based on "Accounting Procedures for Kentucky School Activity Funds" (the "Redbook") published by the Kentucky Department of Education. This letter summarizes our comments and recommendations regarding those matters. The schools to which the comment is applicable also follows.

1. According to the Redbook, receipts (including tickets sales) greater than \$100 must be deposited the same day. There were multiple instances of receipts not being deposited in a timely manner. Teachers are holding money in their classrooms and not turning into the bookkeeper daily.

Leestown Middle School
Deep Springs Elementary School
Meadowthorpe Elementary School
Yates Elementary School

Tates Creek Middle School
Lansdowne Elementary School
Northern Elementary School

2. The Multiple Receipt Form (Form F-SA-6) should be properly filled out and completed by both the sponsor and bookkeeper. The account, reason for collection, date of collection, and signatures and totals from both the bookkeeper and sponsor should be present on the Form. It is District policy that all students third grade and up must sign the Multiple Receipt Form and all other students should initial next to his/her name.

Bryan Station High School
Tates Creek Middle School
Breckinridge Elementary School
The Learning Center
Lansdowne Elementary School
Yates Elementary School

Henry Clay High School
Leestown Middle School
Glendover Elementary School
BTW Primary Academy Elementary
BTW Intermediate Academy Elementary

3. According to the Redbook, an employee, other than the person preparing the deposit slip, shall verify the amount on the deposit ticket agrees with the amount of receipts recorded in the ledger sheets and that the deposit ticket has been validated by the bank and the employee initials the deposit ticket.

Leestown Middle School
BTW Primary Academy Elementary School
BTW Intermediate Academy

Breckinridge Elementary School
Lansdowne Elementary School

4. Receipt numbers were not noted on the deposit tickets. Per Redbook requirements, the deposit slip shall note the receipt numbers on the deposit ticket.

Bryan Station High School
Leestown Middle School
Breckinridge Elementary School
Deep Springs Elementary School
The Learning Center

Henry Clay High School
Tates Creek Middle School
BTW Primary Academy
Glendover Elementary School
Yates Elementary School

5. The person in charge of ticket sales and the person selling the tickets should not be the same person. One person should be in charge of ticket sales and another person should be the person selling the tickets. The person in charge of sales is responsible for the safekeeping of ticket money collected. The person in charge of sales, the ticket taker, and the school treasurer should sign the Requisition and Report of Ticket Sales (Form F-SA-1).

Bryan Station High School
Lexington Traditional Middle School

Leestown Middle School

6. The Requisition and Report of Ticket Sales (Form F-SA-1) needs to be accurately completed. Pre-numbered tickets should be used for all events for which admission is charged. Beginning and ending ticket numbers need to be listed. Ticket colors should be rotated for consecutive sporting events. Ticket sellers should initial all Reports. Sponsors should properly acknowledge the receipt of start-up money on the top of the form.

Lexington Traditional Middle School

7. Proper Forms for disbursements (F-SA-7, F-SA-8, and F-SA-14) are not being used in some instances. Also, the original invoices should be attached. Both forms should be completed in their entirety including the Model Procurement section on form F-SA-7 and the vendor certification section on form F-SA-8. Invoice totals should tie to the Purchase Order totals (F-SA-7).

Bryan Station High School
Leestown Middle School
Tates Creek Middle School
BTW Primary Academy
Lansdowne Elementary School
Meadowthorpe Elementary School

Henry Clay High School
Lexington Traditional Middle School
Breckinridge Elementary School
Deep Springs Elementary School
Liberty Elementary School
Yates Elementary School

8. Purchase Requests should have prior dated approval before processing to ensure that approval was received prior to the related purchase.

Bryan Station High School
Tates Creek Middle School
BTW Intermediate Academy
Lansdowne Elementary School
Meadowthorpe Elementary School
Yates Elementary School

Bryan Station Middle School
Breckinridge Elementary School
Deep Springs Elementary School
Leestown Middle School
Northern Elementary School

9. Form FSA-2B should be completed for each Fundraiser and appropriately signed off by the principal and sponsor.

Bryan Station High School
Bryan Station Middle School
Lexington Traditional Middle School
BTW Intermediate Academy
Liberty Elementary School

Henry Clay High School
Leestown Middle School
Tates Creek Middle School
Lansdowne Elementary School
Meadowthorpe Elementary School

10. Invoices were not marked as paid. Per Redbook requirements, the check numbers and date paid are to be noted on all invoices that have been processed.

The Learning Center

11. All invoices for items ordered prior to June 30, 2016 but not paid until after year end should be included as Accounts Payable.

Bryan Station High School
Leestown Middle School
Deep Springs Elementary School

Henry Clay High School
Lexington Traditional Middle School
Meadowthorpe Elementary School

12. All receivables for items prior to June 30, 2016 but not received until after year end should be included as Accounts Receivable.

Bryan Station High School
Lexington Traditional Magnet School
Yates Elementary

Henry Clay High School
Meadowthorpe Elementary School

13. As required by the Redbook, the principal should date the front of the bank statement each month after their review to indicate that the statement was properly reviewed prior to bookkeeper having access to it.

Yates Elementary School

We appreciate the opportunity to serve the District. We are available at your convenience to answer questions or assist in the implementation of these recommendations.

STRODMAN AND COMPANY

Louisville, Kentucky
November 15, 2016